

Estimate Reviews

**ESC Cost Core
Training**

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7 Steps of the Cost Estimating Process

1. Define and Plan
2. Specify Estimating Methodology
3. Calculate -- Including What-ifs & Alternatives
4. Time Phase in Base Year Dollars
5. Inflate to Then Year Dollars
6. Wrap Up Documentation
- 7. Complete Final Reviews**

Who Reviews Cost Estimates?

- ESC/FMC reviews estimates for programs at ESC, SSG and MSG.
- SPOs review in-house estimates, estimates prepared by SCS contractors, and defense contractor estimates.
- Estimates developed to support Milestone Decisions are also reviewed by the AFCAA and the OSD/PA&E.
- Source selection teams review contractor proposals and estimates.

Why Is It Essential to Know Who Will Review the Estimate?

- Establish a good working relationship with reviewers early-on.
- Plan periodic reviews with them to hopefully prevent last minute surprises.
- Allot time in your schedule for these reviews and any subsequent fixes.
- Understand the reviewer to know the level of documentation and substantiation required.

Steps to Take Before Starting the Review

- Determine the purpose of the review.
- Understand the status of the Program.
- Establish your own expectations for the review.
- Establish some type of rapport with the estimator.
- Cost analysts should cultivate a good working relationship with potential reviewers.

Completing the Review

- Overview of the Cost Estimate
- Review the Ground Rules and Assumptions
- Review Methodologies

Completing the Review

(continued)

- Review the Time Phasing Methodologies
- Perform Confidence Checks
- Evaluate Risk
- Communicating Your Questions & Comments
- Follow-up

Summary

- Estimate reviews should be accomplished with all participating agencies “as you go”.
- Top technical personnel, the FM Chief and the PM should all be included in the review process.
- Peer reviews are strongly recommended because they can quickly alert you to potential problems in the estimate.